REQUEST FOR PROPOSALS

FOR THE LEASING, DEVELOPMENT, FINANCING, CONSTRUCTION AND OPERATION OF A

MEGA-YACHT MARINA

AND

DRY DOCK MAINTENANCE, REPAIR AND OVERHAUL FACILITY

AT THE PORT OF SAN JUAN, SAN JUAN, PUERTO RICO

Issued Date: April 27, 2015

Submission Deadline: 2:00 pm (Puerto Rico Time); June 19, 2015

A Project by

The Puerto Rico Ports Authority
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REQUEST FOR PROPOSALS FOR THE LEASING, DEVELOPMENT, FINANCING, CONSTRUCTION AND OPERATION OF A MEGA-YACHT MARINA AND DRY DOCK MAINTENANCE, REPAIR AND OVERHAUL FACILITY AT THE PORT OF SAN JUAN, SAN JUAN, PUERTO RICO

I. INVITATION

The Puerto Rico Ports Authority, a public corporation and governmental instrumentality of the Commonwealth of Puerto Rico ("PRPA") is issuing this Request for Proposals (as the same may be from time to time amended, modified or cancelled, the "RFP") to obtain comprehensive proposals ("Proposals") from highly qualified developers and operators ("Proponents") of luxury marinas and vessel maintenance, repair and overhaul facilities that have the ability and capacity to undertake the following projects (collectively, the "Project"): (i) the leasing, design, construction, operation and financing of the rehabilitation, improvement and operation of the Isla Grande Dry Dock ("IGDD") located between Piers 15 and 16 in the Isla Grande area in the city of San Juan, Puerto Rico, in order to create a facility capable of servicing all the maintenance, repair and overhaul needs of yachts and mega-yachts ("MRO Services") (see Exhibit A-1 for a depiction and further description of the IGDD; please note that the term "IGDD", also includes those surrounding areas and facilities specifically identified as part of the IGDD in the attached Exhibit A-1); and (ii) the leasing, design, construction, financing, and development of (A) a mega-yacht marina complex in an undeveloped parcel of land with an area of approximately 9.9384 cuerdas (approximately 9.6402 acres) located nearby to the IGDD ("Marina Parcel"); and (B) the necessary docks, piers and moorings to be located in the territorial waters of the Commonwealth of Puerto Rico (the "Commonwealth") and the lands submerged thereunder necessary for the operation of such marina with an area of approximately 7.3886 cuerdas (approximately 7.1760 acres; "Marina-Maritime Terrestrial Zone"; and together with the Marina Parcel, the "Marina Site") (See Exhibit A-2 for aerial depiction and further description of the Marina Parcel and the Maritime Terrestrial Zone where such docks, piers and moorings will be located).

II. GOALS

The PRPA has the goal of making Puerto Rico the premier destination in the Caribbean for maintenance, repair and overhaul services of luxury vessels, while fostering the further growth of the service and tourism industries in the Island.

The goal of this RFP is to obtain proposals for the Project so that the IGDD can be transformed into a leading maritime-industrial center for yacht and mega-yacht maintenance, and so that the Marina Site will provide services and luxury shopping, dining and accommodations for the yachting community.

III. OPPORTUNITIES AND ADVANTAGES
A. The Commonwealth

The Commonwealth is a U.S. jurisdiction that is strategically located in the Atlantic Ocean and Caribbean Sea. Puerto Rico’s constitutional status is that of a commonwealth of the United States. The United States and the Commonwealth share a common military defense, market, currency and citizenship. The Commonwealth exercises virtually the same control over its internal affairs as is the case for any of the 50 United States.

The people of Puerto Rico are citizens of the United States. According to the 2010 U.S. Census, the population of Puerto Rico is approximately 3,725,789 people. In terms of human capital, the Island has a highly educated and bilingual workforce. The official languages of Puerto Rico are Spanish and English.

There are no passports or visas necessary for United States citizens traveling to Puerto Rico. United States citizens can travel freely in and out of the Island without going through immigration or customs. Citizens of other countries are subject to the same passport and visa requirements for entering Puerto Rico as for entering the United States. Furthermore, the U.S. Department of State has recently opened an office in San Juan, Puerto Rico, which provides a wide variety of passport services, which include the issuance on site and on an expedite basis, of U.S. passports.

The mail service in Puerto Rico is provided by the United States Postal Service. Local branches are abundant (there are more than five in the San Juan area alone). Other international carriers such as FedEx, UPS and DHL, provide mail, logistic and package services in the Commonwealth and also have various offices in San Juan.

Puerto Rico has a diversified economy with manufacturing and services comprising its principal sectors. Puerto Rico’s economy is closely linked to the United States’ economy. In fiscal year 2013, the Commonwealth’s gross national product was $70.7 billion, and personal income per capita was $19,428. As a business destination, Puerto Rico offers the security and stability of operating in a U.S. jurisdiction with an unrivalled array of tax incentives that make it a compelling destination for businesses. Please refer to the attached Exhibit F for a general overview of some the incentives that may be available for the Project.

Puerto Rico is considered part of the United States for purposes of U.S. custom duties. However, Puerto Rico is not considered part of the United States for U.S. income tax purposes. Consequently, no federal income tax is collected from Puerto Rico residents on income sourced in Puerto Rico, except for the income of certain federal employees who are subject to federal income taxes on their salaries. Most federal taxes, except for certain payroll taxes, are not levied in Puerto Rico.

Puerto Rico not only enjoys fiscal advantages, but offers a comprehensive physical infrastructure. The Commonwealth has highly developed highway, port and airport systems which allow fast movement of merchandise across and beyond the Island. It has also a state-of-the-art communication network providing Island-wide access to wire and wireless
telecommunications, internet and cable service. Moreover, its location in the Caribbean makes the Island a perfect destination for the development of the proposed Project.

The Island, with an area of 3,435 square miles (9,000 sq. km) — 110 miles long by 39 miles wide — has a mountainous interior and is surrounded by a wide coastal plain where the majority of the population lives. Rainfall averages 69 inches (175 cm) per year and year-round temperatures range from 74°F (23°C) in the winter to 81°F (27°C) in the summer.

Puerto Rico is the easternmost of the Greater Antilles (18 15’ N, 66 30’ W), and the fourth largest island in the Caribbean. The Island is located at the crossroads between North and South America, at just 3.5 hours airtime from New York City, 2 hours from Miami and Panama City, and 1 hour from Caracas. Puerto Rico has daily nonstop flights to the main cities in the United States and the Caribbean, as well as direct weekly flights to and from the main cities in Canada, Europe and Latin America.

The Project is adjacent to the Puerto Rico Convention Center District, home of one of the largest convention center facilities in the region, with an area of 600,000 square feet, and the Isla Grande Airport (SIG), a regional airport owned by the PRPA with the capacity to receive private jets and charters and fixed-based operators to attend their needs. The Project is also centrally located with easy access to major highways. The Project is only steps away to the historic colonial area of Old San Juan, one of the leading tourist venues in the region. The Project is also very close to the Condado, Miramar and Isla Verde tourist areas, world class hotels, restaurants, shopping centers, casinos, beaches and the Luis Muñoz Marín International Airport (SJU).

The Project would be part of the Port of San Juan, the busiest ocean terminal in the Caribbean, and one of the leading cruise ports in the Western Hemisphere. Over the last five years, the Port of San Juan has received on average close to 500 cruise ships on 14 cruise lines, 1.4 million passengers and 2,340 cargo ships moving approximately 8.3 million short tons of cargo per year.

The Caribbean region is one of the premiere tourism and sailing destinations in the World. Besides providing a fishing and maritime playground, the Caribbean region hosts numerous yachting events.

The Caribbean region is critically lacking a leading maritime-industrial center to service luxury vessels and mega-yachts. The region is undersupplied in this field. Our fiscal advantages, diversified economy, physical infrastructure, human capital, and privileged location, make Puerto Rico an ideal location for a first-class marina and a facility for maintenance, repair and overhaul of leisure vessels and mega-yachts.

A Proposal should purport to convert the IGDD into a leading center for luxury vessel repairs, reconstruction, remanufacture, and dry-docking afloat services to the local and international community and the Marina Site into a world-class marina for mega-yachts.
B. The PRPA

The PRPA was created pursuant to Act Number 125 of May 7, 1942, as amended, known as the “Puerto Rico Ports Authority Act” (the “Act”). The Act establishes that the PRPA is a public corporation and governmental instrumentality of the Commonwealth governed by a Board of Directors.

The PRPA was created with the purpose to develop, improve, own, operate, and manage any and all types of air and/or maritime transportation facilities and services, as well as to establish and manage systems of mass marine transportation by itself, or in coordination with other governmental, corporate or municipal entities, to and from the Commonwealth, to provide the most economic method, the benefits of the same, and encourage thereby, the general welfare of the Commonwealth in order to increase trade and prosperity.

The Act grants the PRPA any and all rights and powers that are necessary or desirable to give effect to the above referenced purpose. The PRPA has the authority to issue this RFP pursuant to the Act and Regulation Number 7496, as amended, dated May 1, 2008 (the “RFP Regulation”).

Please note that the PRPA has commenced an administrative process to issue regulations to rule the granting of concession agreements with regards to some of the maritime terrestrial zone in the San Juan Port, including the Marina-Maritime Terrestrial Zone. It is expected that such regulations should be formally issued and approved prior to August 15, 2015. Otherwise, any use of the Marina-Maritime Terrestrial Zone may need the approval and collaboration of the Puerto Rico Department of Natural and Environmental Resources.

C. The IGDD

The IGDD is located between Piers 15 and 16 in the Isla Grande area in the city of San Juan. The IGDD was originally built by the U.S. Navy around 1942. The U.S. Navy operated the same until 1975, when it was leased to the PRPA. The facility was transferred by the U.S. Navy to the PRPA in 1999. Since early 2000, the IGDD has been inactive.

The IGDD’s facilities are approximately 183 meters long, 31 meters wide and 8 meters deep. The IGDD can accommodate ships of up to 81.5 feet beam and with a docking draft of 24.5 feet. In addition, the IGDD’s facilities have a parking area, warehouses and space for shops. At the height of its use, the IGDD attended over 60 vessels per year and numerous more were repaired afloat.

Proponents must take into account in their Proposals the following (i) except for the warehouse marked in Exhibit A-1 which is currently vacant, there are current tenants on the other warehouses located at the IGDD, and, if selected, they will need to assume such leases for the reminder of their term; (ii) the area of the IGDD identified in Exhibit A-1 as “Dock, Pier 15”, will be leased by the PRPA, similarly to other dock facilities in the Port of San Juan, on a preferential use basis (e.g., when not in use by the tenant, the PRPA may allow the temporary use by a third party); and (iii) the IGDD is located in an area that requires security clearance to
access and exit the same, therefore, and among other security protocols, employees will need to have and renew a transportation workers identification credential ("TWIC"). The U.S. Transportation Security Administration charges certain fees for the issuance, replacement and renewal of each TWIC.

As to the current condition of the IGDD, please note that all of the services pipes for air, potable water, fire water, steam and sewage have been removed. The floating caisson gate was replaced with a new one in 2006. The IGGD has no pumps, no pump house and no electrical service beyond the substation. There is no operating dry-dock or shipyard equipment other than the dry-dock basin of the IGDD. Any Proposal must take into account the current state of repairs and conditions of the IGDD and assume the cost of making any and all necessary repairs and/or improvements to IGDD.

D. The Marina Site

The Marina Site is almost contiguous to the IGDD. Most of the terrain of the Marina Site is flat. Currently the Marina Site has some abandoned structures. The Proponents must assume in their Proposals, the cost of removing all such structures. The Marina Site has access to electricity, water and sewer utilities. Any construction at the Maritime-Terrestrial Zone may not be within 100 feet of the navigation canals for the area and must take into account the vessels traffic in such canals.

E. The CGSJS

The United States Coast Guard established Coast Guard San Juan Station ("CGSJS") in 1993. The CGSJS is located in the Port of San Juan and it is responsible for (i) marine inspections and Captain of the Port Zone (as per 33 CFR Section 165.776); (ii) search and rescue missions; and (iii) Homeland Security and Law Enforcement operations.

IV. PROPOSAL PROCESS

A. Pre-Submittal Meeting

Interested Proponents must participate in the Proposal pre-submittal webcast to be held as set forth in Exhibit D ("Pre-Submittal Meeting") or view the video thereafter during the time period set forth in Exhibit D. The video of the Pre-Submittal Meeting will be posted at www.puertoricomarinadistrict.com. Proponents will have to certify to the PRPA compliance with this requirement. Only those Proponents who have participated in or viewed the Pre-Submittal Meeting and attest to doing so, may register with the PRPA to participate in the RFP (such Proponents, the "Potential Proponents").

B. Registration

Only Potential Proponents that registered with the PRPA will be permitted to participate in the RFP ("Registered Proponent"). Please note that by registering to participate in this RFP, each Registered Proponent agrees to and shall be bound by all the terms and conditions of this
RFP. To be considered a Registered Proponent, the Proponent must complete and file with the PRPA the registration form attached hereto as Exhibit B (“Registration Form”). Registered Proponents will also be permitted to direct to the PRPA questions or requests for clarification regarding the RFP. Non-Registered Proponents will not be permitted to participate in this RFP.

C. Bid Bond or Other Form of Security from the Selected Proponent

As security for the selected Registered Proponent’s good faith negotiation of an agreement with PRPA pursuant to its Proposal, once the Registered Proponent has been selected (“Selected Proponent”), it must furnish a bid bond from a corporate surety licensed to do business in the Commonwealth in the amount of TWO HUNDRED FIFTY THOUSAND DOLLARS ($250,000) in favor of the PRPA. The Selected Proponent must deliver the bid bond within ten (10) days of being notified by the PRPA of its selection. The condition of the bid bond shall be that the Selected Proponent shall not withdraw its Proposal and shall execute a contract with PRPA, if so offered and negotiated in good faith. The Selected Proponent shall be released from the bid bond once the contract with the PRPA has been signed or the PRPA and Selected Proponent have not signed a definitive agreement, notwithstanding good faith efforts to negotiate and execute the same, on or before the date set forth in Exhibit D.

If the Selected Proponent withdraws the Proposal, fails to negotiate in good faith with PRPA, or if after PRPA and the Selected Proponent agree on terms of a contract but the Selected Proponent fails to sign a contract, the amount of the bid bond will be automatically forfeited and retained by PRPA as liquidated damages, after providing written notice to the Selected Proponent. PRPA reserves the right to terminate negotiations at any time, with or without cause, and return the bid bond to the Selected Proponent.

In lieu of a bid bond, the Selected Proponent may tender a certified check or bank draft drawn on a solvent bank or trust company, acceptable to the PRPA and with its principal place of business in the Commonwealth, payable to the “Puerto Rico Ports Authority” or other form of financial security acceptable to PRPA. The certified check or bank draft shall be deposited in a bank account of the PRPA and may be commingled with other funds of the PRPA.

D. Security Payment and Performance

Each Proposal must be accompanied by a letter of intent from a surety company licensed to do business in the Commonwealth, which letter shall state that, if awarded the contract, the Registered Proponent will be able to secure the required Payment and Performance Bonds in the full amount of the total project cost.

E. Schedule of RFP Process

The attached Exhibit D provides the preliminary Schedule of the RFP process. Please note that this Schedule is subject to changes, including, but not limited to, extending the deadline when the PRPA may receive Proposals, as per Section IX of this RFP.

F. Tours of the IGDD and Marina Site
Registered Proponents may tour the IGDD and/or the Marina Site by appointment only to be coordinated with the PRPA on or before the period set forth in Exhibit D. Any questions arising from such tour must be submitted in writing by the Registered Proponents to the PRPA. Any such questions and the answers by the PRPA to any such questions shall be made available to the other Registered Proponents by the PRPA. Appointments must be scheduled with at least three (3) days prior notice.

G. Eligibility of Proponents

The PRPA reserves the right to at any time during the process of this RFP, but in no event later than June 8, 2015, require a Registered Proponent or their controlling entities to:

(i) Demonstrate professional and technical expertise in the ports, marina and/or mega-yacht vessel industry.

(ii) Demonstrate economic and financial ability to undertake the Project by providing the following documents to the PRPA for evaluation:
1. Original of three (3) commercial recommendation letters, including one (1) from a banking institution.
2. Audited financial statements for the last three (3) years.
3. Income tax returns for the last three (3) years.

(iii) Furnish the following documents, as applicable:
1. Articles of incorporation, certificate of formation, partnership agreement, or other formation documents.
2. By-laws, operating or joint venture agreement or any other governing documents.
4. Resolution of the Board of Directors or governing organization, as the case may be, authorizing the participation in the RFP process.
5. Income Tax Return Submission Certificate issued by the Internal Revenue Area of the Puerto Rico Department of Treasury.
6. Debt Certificate issued by the Internal Revenue Area of the Puerto Rico Treasury Department or evidence of a complying payment plan.
7. Tax Return Submission Certificate issued by the Center for the Collection of Municipal Income.
8. Debt Certificate for all concepts, issued by the Center for the Collection of Municipal Income or evidence of a complying payment plan.
10. In-effect policy certificate from the State Insurance Fund Corporation.
The Proposals of only those Registered Proponents who, at the PRPA’s sole discretion, have demonstrated their eligibility will be considered (such Proponents, the “Eligible Proponents”). The determination by the PRPA that a Proponent is an Eligible Proponent should not be construed or interpreted by any Proponent as having been awarded with or favored to be awarded the RPF, but rather as a threshold screening process by the PRPA to ensure that the PRPA only receives, analyzes and entertains Proposals from Registered Proponents that meet at least the minimum requirements to participate in this RFP.

It is an essential condition to participate in this RFP and each Proponent by registering to participate in this RFP covenants and agrees with the PRPA that the PRPA and its advisors are not responsible for any costs, expenses or damages incurred by Proponents, subcontractors, or other interested parties in connection with the RFP process, including but not limited to, the costs associated directly or indirectly with the preparation of Proposals, the participation in any meeting or any other activities directly or indirectly associated with this RFP. All of such costs, expenses and damages are the sole responsibility of each Proponent.

V. PROPOSAL CONTENTS

Registered Proponents are to present written and comprehensive proposals for (i) the leasing, design, construction, operation and financing of the rehabilitation, improvement and operation of IGDD with the purposes of providing MRO Services needs of luxury yachts and mega-yachts; and (ii) the leasing, design, development, construction, financing, and operation of a (A) luxury marina facility in the Marina Parcel and (B) the necessary docks, piers and moorings to be located in Marina Site. The Proposals should include at least the following:

A. Narrative on the Registered Proponent’s background and experience in the ports, marina and/or mega-yacht vessel industry.
B. All funding sources intended to defray the undertaking of the Project.
C. A conceptual plan (phased if applicable) illustrating how the Project would be configured to accommodate mega and super-yachts.
D. The conceptual plan should show the landside facilities and structures, which would be necessary to support the Project and the maritime terrestrial zone area necessary for the physical layout of the conceptual plan, including any proposed new construction and/or development.
E. Conceptual plan shall include:
   (i) Description of landside and marine improvements required to accommodate mega-yachts.
   (ii) Total investment proposed by Proponent and proposed financing plan to fund the improvements noted in its Proposal, including any contingencies associated with said financing plan.
   (iii) Identification of any special terms or conditions that would be expected from the PRPA.
   (iv) Timeline for completion of proposed Project, including development and commencement of operations.
   (v) Proposed agreement terms. Currently, the PRPA generally envisions that the Project will be structured as a (i) triple net lease agreement on an “as-is, where
is and with all faults basis”, with annual payments in advance of rent for the Marine Site and the IGDD (except for the area identified in Exhibit A-1 as “Dock, Pier 15”, which will be leased on a preferential use basis), rental escalator, assignment and change of control only permitted with the PRPA’s consent, provisions typically included in leases with a governmental entity, it will be subject to the rules and regulations issued by the PRPA with respect to its maritime ports facilities, title to any improvements, at the PRPA’s options, to pass to the PRPA at the end of the term, without any payment to the tenant, adequate assurances to the PRPA of the future performance of its obligations under the lease agreement, in the form of guaranties and/or any other credit support; and (ii) a triple net concession agreement on “as-is, where is and with all faults basis”, with annual payments in advance of fees for the Maritime Terrestrial Zone, fees escalator, assignment and change of control only permitted with the PRPA’s consent, provisions typically included in concession agreements with a governmental entity, it will be subject to the rules and regulations issued by the PRPA with respect to its maritime ports facilities, title to any improvements, at the PRPA’s options, to pass to the PRPA at the end of the term, without any payment to the beneficiary of the concession, adequate assurances to the PRPA of the future performance of its obligations under the concession agreement, in the form of guaranties and/or any other credit support. Both agreements will (x) be cross-defaulted and the security deposit in either agreement will also secure the other; and (y) provide that the tenant and/or beneficiary of the concession must charge, collect and remit to the PRPA all the applicable tariffs, charges and/or fees that from time to time the PRPA may impose on the activities carried out at the Project.

(vi) Please note that the PRPA at this juncture does not necessarily favor nor it is inclined to (A) lease and concession terms in excess of 20 years; and/or (B) provide any financing, credit enhancement, guaranty, and/or equity contribution by the PRPA or any other entity of the Commonwealth. Notwithstanding the foregoing, the PRPA may consider a change in its current position and negotiating and extending any and/or all of the items set forth in items (A) and/or (B) of this subparagraph (vi) in the event that the Registered Proponents offer to the PRPA in consideration of negotiating and/or extending the same, matching economic concessions in favor of the PRPA, that may include, but are not limited to, additional capital investment to justify the extended term of the lease and/or concession, increase in rental rates and/or profit sharing with the PRPA, services at the IGDD at preferential rates to the PRPA, incentives to the clients and customers of the Project to engage in touristic activities in the Commonwealth, incentives for the use of the Project as a Home Port by its clients and customers, among others. Any determination of the PRPA to change its current position shall be at its sole and absolute discretion and will take into account the best interests of the Commonwealth and any other factors that the PRPA deems necessary or convenient to ensure that any such decision is a sound public policy determination.
F. Provide a brief description of the market potential and the number of vessels anticipated on an annual basis.
G. Provide estimated number of operator jobs and payroll to be created during the term of the agreement, with a yearly breakdown.
H. Provide a description of the envisioned use and the scope of participation of local labor force and local companies in the undertaking and operation of the Project.
I. Provide how the Proposal complies with the current zoning, licensing and permitting required for the Project.

VI. **FINANCIAL HISTORY AND QUALIFICATIONS**

The Proposal must demonstrate sufficient financial resources of the Registered Proponent to meet all requirements outlined in this RFP. The Proposal shall include a representation by a surety licensed to do business in the Commonwealth and acceptable to the PRPA that the Registered Proponent has sufficient bonding capacity to meet payment and performance bond requirements specified in the RFP and that it will issue such bonds if the Registered Proponent is selected.

TO ENSURE CONSISTENCY, PROPOSALS MUST CONFORM TO THE FOLLOWING FORMAT:

Cover Letter Table of Contents Sections:
A. Experience and Capacity of Entity and Qualifications of Personnel
B. Proposal
C. Revenue
D. Credit References
E. Operational References
F. Financial Statements
G. Physical Requirements
H. Identify Special Conditions or Considerations

The following is what is necessary to be included in each of the above sections:

A. **Experience and Capacity of Entity and Qualifications of Personnel**

This section should contain an introduction and the background of your entity and/or its controlling entities, demonstrated financial status (including gross annual sales for the current year and net earnings or loss for the most current year), and the ability to finance the undertaking of the Project. Also demonstrate your entity’s technical expertise and experience in the MRO Services and any other type of retail/service operations being proposed and how your entity will maintain a high standard of appearance and operation. Include a current list of names and qualifications of officers and key personnel of the corporation or entity.

B. **Proposal**
This section should contain the proposed conceptual plan, including the marina structure’s quality, size, theme, personnel or concept, planned dock/space configurations, repair and improvements to the IGDD. The list and detailed explanation of all of the terms and conditions of the agreement proposed to the PRPA for the Project. Also, identify the nature and extent of the retail/services to be offered to the mega-yachts and proposed hours of operation. When evaluating the Proposals consideration will be given to the proposed level of services to be offered to the mega-yachts once the operation of the Project commences. The environmental impact of the Project and the Registered Proponents plans to mitigate the same in accordance with applicable laws and regulations.

C. **Revenue**

   This section should contain projected revenues to the Registered Proponent, the PRPA and the Commonwealth. Provide five and ten year-projected revenues for the agreement period.

D. **Credit References**

   This section should contain the names, addresses, and phone numbers of three credit references that the PRPA may contact to obtain information on your credit standing.

E. **Operational References**

   This section should contain a list of clients, for whom you have conducted a similar service within the past five years. Include the entity name, contact person, telephone number, and a brief description of the services provided.

F. **Financial Statements**

   This section should contain at least the past five years of audited financial statements, including, but not limited to, a company balance sheet and income statement.

G. **Physical Requirements**

   This section should describe other physical needs above and beyond the premises described in this Section VI. Examples of other needs may include, parking space requirements, refuse disposal needs, exterior signage requirements or any other extraordinary need that cannot be met within the described premises.

H. **Identify Any Special Conditions or Considerations**

   This section should describe any special conditions or considerations beyond the physical requirements that the Proponent would request the PRPA to consider. Any request for the PRPA to consider the matters set forth in Paragraph V(E)(vi) and the justifications for the same.
VII. INSTRUCTIONS FOR THE SUBMISSION OF PROPOSALS

Submit one original and ten copies in three ring binders on 8x11 paper. Please include only one copy of the financial statements in a separate envelope marked Confidential. Include one CD or flash drive of the entire submission in electronic file format (please note financial statements should not be included on the CD/flash drive). These items should be delivered to the attention of the Evaluation Committee at 64 Lindbergh Street, Former Miramar Naval Base, San Juan, Puerto Rico 00907 in a sealed package clearly marked “Request for Proposals for the Mega-Yacht Marina and MRO.”

VIII. SELECTION CRITERIA

A Proposal should include all those items as specified in Section V of this RFP. Proposals will be evaluated pursuant to the RFP Regulation and based on the following criteria:

A. Proponent’s ability to timely provide the activities listed and contemplated in this RFP;
B. Financial capability;
C. Prior large vessel marina or port development/operation/management experience;
D. MRO Services and any other marine and marina services to be provided: type products/services offered, applicability to proposed users of the Project in a manner consistent with the intent of this RFP; and
E. Achievement of the goals and objectives set forth in Section II of this RFP, taking into account the overall economic return to the PRPA and the Commonwealth, including, without limitation:
   (i) Rents, Revenues and Fees;
   (ii) Capital investment by the Registered Proponent; and
   (iii) Other direct and indirect benefits on the general economic development of the Commonwealth.

IX. MISCELLANEOUS TERMS AND CONDITIONS APPLICABLE TO ALL PROPOSANTS

A. Legal Requirements. Proponents are responsible for complying with all applicable legal requirements relating with contracting with governmental agencies of the Commonwealth, including without limitation those set forth in Exhibit C, and procuring and securing all licenses and permits required to develop, construct and operate the Project.

B. Questions and Information. Any questions, requests for clarification, and general information requests must be sent by e-mail to PRPA at puertoricomarinadistrict@prpa.pr.gov in accordance with the deadlines set forth in Exhibit D; no telephone inquiries will be accepted. The PRPA will provide all prospective Proponents with copies of any and all questions it receives and any answers, clarifications and/or information it provides in response thereto. The PRPA reserves, at its sole discretion, the right to respond or not to any such questions or request for clarification, or general information request. Such information will be posted in
the RFP Section of www.puertoricomarinadistrict.com on a rolling basis. Only written responses posted on the website will be considered official responses.

C. Reference Documents. To assist Proponents in preparing to respond to this RFP, the PRPA has created a website at www.puertoricomarinadistrict.com. The website will contain all exhibits and other documents which will be of assistance in the development of the Proposals.

D. Amendments to this RFP. This RFP may be amended by the PRPA by formal amendment, document, letter, email or facsimile. If this RFP is amended, then all terms and conditions that are not amended remain unchanged. Any amendments will be posted on www.puertoricomarinadistrict.com in the RFP Section.

E. Authorizations by Submission of a Proposal. Any and all information provided by a Proponent and its team members may be used by the PRPA to conduct credit and background checks. The Proponent agrees to execute any additional documentation requested by the PRPA to evidence this consent. At its discretion, PRPA staff may contact references and industry sources, investigate previous projects and current commitments, interview some or all of the proposed development team members, and take any other information into account in its evaluation of the responses. The PRPA reserves the right to request clarifications or additional information and to request that Proponents make presentations to the PRPA, community groups, or others.

F. Teaming Arrangements and Special Purpose Entities. Multiple Proponents may form a joint venture for the purpose of submitting a Proposal in response to this RFP. A special purpose entity may be created for the purpose of submitting a Proposal. The PRPA may require that financial and performance guarantees and/or any other credit enhancement be provided by these and other Proponents as well as team members. (Note: the PRPA will not be involved in facilitating partnering or teaming arrangements.) When a joint venture will be utilized, please present information for both entities and include with your Proposal a copy of the legal documentation establishing the joint venture. No person or legal entity may join or participate with, directly or indirectly, as a team member in more than one joint venture with the purpose of submitting various separate Proposals in response to this RFP.

G. Hold Harmless. By participating in this RFP process, each Proponent agrees to indemnify and hold harmless the PRPA and its officers, employees, contractors and advisors from and against any and all real estate and other brokerage fees or commissions, finder’s fees, and any other forms of compensation related in any way to activities undertaken by any person as a result of such person’s efforts towards and/or participation in this RFP process or the submission by such person of a proposal, and liabilities, losses, costs, and expenses (including reasonable attorney’s fees and expenses) incurred by any indemnified party as a result of, or in connection with, any claim asserted or arising as a result of, or in connection with this RFP process. This includes any and all activities related to the PRPA’s exclusive negotiations with the selected developer(s).

H. Public Information. All information submitted in response to this RFP becomes property
of the PRPA. The documents and other records submitted to the PRPA are part of the public record and subject to public disclosure; accordingly, information submitted should be expected to be subject to public availability. Therefore, any response submitted which contains confidential information must be conspicuously marked on the outside as containing confidential information, and each page upon which confidential information appears must be conspicuously marked as containing confidential information. The PRPA will consider the treatment of such information as confidential as provided in and subject to paragraphs O and R below.

I. Organizational Conflicts of Interest. Each Proponent should clearly identify in its Proposal any person or entity that has assisted the Proponent in the preparation of its Proposal.

J. Other Terms and Conditions. The Act and its regulations, as well as all applicable Puerto Rico and Federal laws and regulations, will govern this RFP and all agreements entered into in connection with this RFP.

K. Not a Contract. This RFP does not constitute and should not be construed in any way as an offer to enter into a contract with any individual or entity, thus no contract of any kind is formed under, or arises from, this RFP; provided, however, that nothing contained in this section shall affect in any way the rights and remedies afforded under this RFP to the PRPA.

L. Confidentiality of Information Associated to PRPA. Information associated to the PRPA or a government entity obtained by the Proponents as a result of participation in this RFP is confidential and must not be disclosed without prior written authorization from the PRPA.

M. Reservation of Rights. The PRPA reserves the right, in its sole and absolute discretion, to:
   (i) Change, modify or amend the business opportunities described in this RFP;
   (ii) Change, postpone, or suspend this RFP process or any or all phases, at any time for any reason or no reason;
   (iii) Accept or reject any Proposal based on the selection criteria and as determined by the discretion of the PRPA;
   (iv) Waive any defect as to form or content of this RFP or any response thereto;
   (v) Not accept any or all Proposals;
   (vi) Select one or multiple developers that will best meet the PRPA’s needs and objectives, regardless of differences in fees and expenses among responders to this RFP;
   (vii) Reject any or all of the Proposals without any obligation, compensation or reimbursement to any Proponent or any of its team members; and
   (viii) Extend any date, time period or deadline provided in this RFP, upon notice to all Proponents.

N. Restriction of Damages. Each Proponent agrees that:
In the event that any or all Proposals are rejected, or this RFP is modified, suspended or cancelled for any reason, neither the PRPA nor any of its officers, employees, contractors or advisors will be liable, under any circumstances;

By participating in this RFP process, each Proponent agrees to indemnify and hold harmless the PRPA and its officers, employees, contractors and advisors from and against any and all real estate and other brokerage fees or commissions, finder’s fees, and any other forms of compensation related in any way to activities undertaken by any person as a result of such person’s efforts towards and/or participation in this RFP process or the submission by such person of a proposal, and liabilities, losses, costs and expenses (including reasonable attorney’s fees and expenses) incurred by any indemnified party as a result of, or in connection with, any claim asserted or arising as a result of, or in connection with this RFP process. This includes any and all activities related to the PRPA’s exclusive negotiations with the selected developer(s).

O. Disclosure.
(i) The information submitted by the Proponents may be subject to public disclosure in compliance with applicable law.
(ii) All public information generated in relation to the process, including communications with the media and the public, must be coordinated with, and is subject to prior approval of the PRPA.

P. No Obligation to Accept Proposals. The PRPA is not obligated to accept a Proposal where, at the discretion of the PRPA, it is not in compliance with the requirements of this RFP; or it includes a false or misleading statement, claim or information; or background checks reveal any false statements in the Proposal.

Q. No Collusion or Fraud. Each Proponent is held responsible to ensure that its participation in this RFP process is conducted without collusion or fraud.

R. Disclaimer. Information provided in this RFP regarding the Project is believed to be reliable; however, each Proponent should rely exclusively on their own diligence, analysis and experts to independently confirm and validate any information and/or data contained herein, provided in connection with this RFP or needed to form the basis of its Proposal. All proposals submitted to the PRPA are subject to public disclosure. An exception may be made for “trade secrets”. Additional information regarding the trade secrets’ requirement is available upon written request.
EXHIBIT A-1

Site Plans and Description of IGDD
EXHIBIT A-2

Aerial Photo, Site Plans and Description of the Marine Site
EXHIBIT B

RFP-PROONENT REGISTRATION FORM

REQUEST FOR PROPOSALS FOR THE LEASING, DEVELOPMENT, CONSTRUCTION AND OPERATION OF A MEGA-YACHT MARINA AND DRY DOCK MAINTENANCE, REPAIR AND OVERHAUL FACILITY AT THE PORT OF SAN JUAN, SAN JUAN, PUERTO RICO

Proponents participating in the above referenced RFP must complete the following Proponent Registration Form and send it by email to puertoricomarinadistrict@prpa.pr.gov by [______ ___, 2015]

FIRST NAME_______________________ LAST NAME: _________________
TITLE:____________________________
COMPANY:_________________________
ADDRESS: __________________________________________________________
CITY: _______________ STATE: ___________ ZIP CODE: ___________
COUNTY:_______________
EMAIL:___________________________________________
WORK PHONE NUMBER: _________________________
CELL PHONE NUMBER:_________________________
FAX NUMBER: __________________________________

BY REGISTERING, THE REGISTERED PROONENTS AGREES TO BE BOUND BY ALL THE TERMS AND CONDITIONS OF THE RFP AND CERTIFY THAT THEY PARTICIPATED AND/OR VIEWED THE PRE-SUBMITTAL MEETING.

ANY CHANGE IN THE ABOVE INFORMATION MUST BE SENT TO PRPA TO puertoricomarinadistrict@prpa.pr.gov.
EXHIBIT C

CERTIFICATION

______________________, who desires to enter into an agreement with the Puerto Rico Ports Authority ("PRPA"), certifies, represents and warrants to the PRPA that:

1. Under penalty of nullity, no official, employee, or contractor of the PRPA will derive or obtain any benefit of profit of any kind from the contractual relationship that will result from this procurement. If such benefit exists, the required waiver has been submitted before the proposal.

2. None of the Members of Board of Directors, Executives, Authorized Representatives or Shareholders of our company have been accused and convicted of crimes against the Commonwealth or the Federal Government that involve appropriation of public funds or fraud against public property.

3. There is no criminal or civil procedure or investigation pending for any of the crimes or felonies described on the precedent paragraphs against any of the members of its Board of Directors, Executives, Authorized Representative or Shareholders.

4. We will inform the PRPA of any situation or procedure that may be initiated against any of the parties mentioned above any time after the signing of any agreement resulting from this RFP.

5. Our company: (a) does not discriminate in any manner against an employee, applicant for employment, subcontractor or any person because of race, color, religion, creed, age, sex, marital status, national origin, ancestry, sexual orientation, or physical or mental handicap unrelated in nature and extent so as reasonably to preclude the performance of such employment; (b) includes a provision similar to that contained in subsection above in any subcontract executed in connection with the services to be provided under the contract resulting from this RFP, but excluding subcontracts for standard commercial supplies or raw materials; (c) posts in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this clause; and (d) maintains a written sexual harassment policy and informs our employees of the policy.

6. When issuing this proposal, as an employer we are in full compliance with Act Number 5 of December 30, 1986, as amended, also known as Organic Act for the Administration of Child Support Enforcement of the Commonwealth.

7. The Proposals have been prepared and developed without collusion with other Eligible Proponent and without effort to preclude the PRPA from obtaining the best competitive Proposal.

8. If an agreement is reached with the PRPA, we will be registered to do business in Puerto Rico and have any required business and professional licenses.

9. We understand that violation of these certifications may lead to resolution of the agreement resulting from this RFP without prior notice.

10. No PRPA’s official, employee, or contractor involved in this procurement has financial interest in this contract, purchase or commercial transaction and neither has had, directly or indirectly, financial interest in this company for the last four years.
11. No PRPA’s official, employee, or contractor solicited or accepted, directly or indirectly, for his/her, some member of its family unit or for any other person, gifts, allowances, favors, services, donations, loans or any other thing of monetary value.

12. No PRPA’s official, employee, or contractor associated with this transaction solicited or accepted valuable goods from any person from my entity as payment to complete the duties or responsibilities of his/her job.

13. No PRPA’s official, employee, or contractor asked, directly or indirectly, for him/her, or any member of his/her family unit, nor any other person, business or entity, valuable goods, including gifts, loans, pledges, or favors in exchange of acting to favor me or my entity.

14. I have no relationship within the fourth level of consanguinity or second of affinity with any employee that has the power to influence or participate in the organizational decisions of the PRPA.

Company:

________________________
Representative Name

________________________
Signature

________________________
Date
## EXHIBIT D

### Schedule of RFP Process

<table>
<thead>
<tr>
<th>Description</th>
<th>Date*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuance of RFP</td>
<td>April 27, 2015</td>
</tr>
<tr>
<td>Pre-Submittal Meeting</td>
<td>May 11, 2015</td>
</tr>
<tr>
<td>Property Tours (by appointment only)</td>
<td>May 11-22, 2015</td>
</tr>
<tr>
<td>Deadline for Submission of Proponent Registration Form</td>
<td>May 18, 2015</td>
</tr>
<tr>
<td>Deadline for Questions on the RFP</td>
<td>May 29, 2015</td>
</tr>
<tr>
<td>Deadline for Responses to Questions (to be posted in <a href="http://www.puertoricomarinadistrict.com">www.puertoricomarinadistrict.com</a>)</td>
<td>June 8, 2015</td>
</tr>
<tr>
<td>Proposal Deadline</td>
<td>June 19, 2015</td>
</tr>
<tr>
<td>PRPA Issues Questions to Registered Proponents</td>
<td>June 29, 2015</td>
</tr>
<tr>
<td>Registered Proponents Respond to PRPA Questions</td>
<td>July 8, 2015</td>
</tr>
<tr>
<td>Announcement of shortlist of Registered Proponents and Invitation for Interviews</td>
<td>July 17, 2015</td>
</tr>
<tr>
<td>Interviews with shortlisted Registered Proponents</td>
<td>July 24, 2015</td>
</tr>
<tr>
<td>Announce selected Registered Proponent and commence negotiations</td>
<td>July 31, 2015</td>
</tr>
<tr>
<td>Execute binding agreements</td>
<td>August 31, 2015</td>
</tr>
</tbody>
</table>

*All dates are subject to modification, extension and/or suspension by the PRPA, as provided in the RFP.*
EXHIBIT E
LEGAL REQUIREMENTS, OTHER CONTRACTUAL REQUIREMENTS AND
LICENSE REQUIREMENTS

All Registered Proponents shall comply with Act No. 84 of 2002, known as the 'Code of Ethics for Contractors, Suppliers and Applicants for Economic Incentives of the Executive Agencies of the Commonwealth of Puerto Rico'. The acceptance with the norms established therein is an essential and indispensable condition in order to execute transactions or enter into agreements with the PRPA.

The Code of Ethics applies to any natural or juridical person, or groups of persons or associations, that wishes to establish a contractual, commercial or financial relationship with Executive agencies (including public corporations and instrumentalities of the Commonwealth Puerto Rico). Also, the Code of Ethics defines a 'conflict of interest' as a situation in which the personal or financial interests of the contractor or supplier is, or could reasonably be, in contravention of the public interest.

Therefore the Code of Ethics requires, among other things, that Proponents comply with the following ethical obligations and responsibilities:

(a) disclose all information needed by the PRPA to evaluate the transactions in detail, and make correct and informed decisions;

(b) observe the precepts and principles of excellence and honesty that cover his/her profession, in addition to the norms or canons of ethics of the association or college of which he/she is a member and that regulate his/her trade or profession in the relationship with their competitors as well as with the Commonwealth;

(c) not offer or deliver, directly or indirectly, goods of monetary value, contributions, gifts, gratuities, favors, services, donations, loans or share in any commercial or legal entity to a public servant or former public servant or a member of his/her family, with which he/she desires to establish a contractual, commercial or financial relationship;

(d) not intervene in matters that could result in a conflict of interest or that could appear as such. Therefore, no person shall contract with the PRPA if there is any conflict of interests.

Every Proponent shall certify that he/she does not represent private interests in cases or matters that imply conflicts of interest, or of public policy, between the PRPA and the private interests he/she represents; and

(e) not to use confidential information acquired in the course or as a result of any negotiation that has been entrusted to him/her through a contract by the PRPA, for purposes foreign to the contracted endeavor, not obtain, directly or indirectly, any financial advantage or benefit for him/herself, for any member of his/her family unit, or another other person, business or entity.
Also, the Code of Ethics imposes certain obligations on private parties that are geared towards preventing that one party have an "unfair advantage" over another. In that sense, the PRPA considers that an unfair advantage may arise when a prospective Proponent has information about the Project that is not generally available to all other prospective Proponents, and that such information may be material to an outcome related to the Project. An unfair advantage may also arise if a prospective Proponent is in a position to influence the outcome of the competition through a relationship with the PRPA.

As a result, prior to submitting a proposal or response to this RFP, each potential Proponent shall conduct an internal review of its current affiliations and shall require its team members to identify actual, potential or perceived conflicts of interest or unfair advantages relative to the anticipated procurement. Potential Proponents are notified that prior and existing contractual obligations between a company and a federal or state agency relative to the proposed procurement may present a conflict of interest or an unfair advantage. If a potential Proponent identified an actual, potential or perceived conflict of interest or unfair advantage, it shall submit in writing the pertinent information so that a determination can be made as to the extent of the conflict or unfair advantage. The PRPA will review potential or perceived conflicts of interest and unfair advantages related to each procurement process sponsored by the PRPA.

**Other Contractual Requirements**

Once selected, a Proponent should be ready to submit the following documents prior to formally entering into a contract with the PRPA:

- A Certification of Existence or Certification that the organization is duly authorized to do business in Puerto Rico. The Certification to do business in Puerto Rico applies to foreign companies, it indicates that the applicant is authorized to do business in Puerto Rico. They must be current, indicate the dates of issuance and incorporation or of authorization to do business in Puerto Rico, and must be issued by the Department of State.
- Indicate whether the organization is an association, corporation, limited liability corporation, or have another corporate structure. If you are a corporation, submit the incorporation certificates and the good standing certificate from the Puerto Rico Department of State.
- Include a sworn statement certifying that the Proponent and/or its respective shareholders, directors, partners, officers, officials, executives, principals and/or employees, have neither been convicted nor has probable cause for their arrest been found against them, nor are they being investigated under any administrative, judicial or legislative procedure, whether within or outside of Puerto Rico, as a result of any crime constituting fraud, embezzlement or misappropriation of public funds, as provided in Act No. 458 of 2000, as amended by Law No. 428 of 2004, or any other legal provision penalizing crimes against the treasury and the public trust, and that the person signing the
statement has not been investigated, arrested, convicted, or found guilty or sentenced as a result of said criminal conduct.

- Present an Income Tax Return Submission Certificate issued by the Internal Revenue Area of the Puerto Rico Department of Treasury, to the effect that the Proponent has submitted its annual Income Tax Returns for the past five (5) years. If the Proponent is not obligated or has not been obligated to render the Income Tax Returns during all or part of the period of the last five (5) years, the Proponent must present a Sworn Statement stating the reasons the Proponent was not obligated to render the Income Tax Returns.
- Debt Certificate issued by the Internal Revenue Area of the Puerto Rico Treasury Department, even if the Proponent has certified that does not possess Tax Debts.
- Debt Certificate, issued by the Center for the Collection of Municipal Income (“Centro de Recaudaciones de Ingresos Municipales”; by its acronym in Spanish, CRIM).
- Certificates issued by the Puerto Rico Labor Department for the following:
  - Negative Certificate of Debt of Unemployment Insurance, Temporary Non-occupational Disability Taxes, and Negative Certificate of Debt of Chauffeurs Insurance (“Certificación negativa de Deuda de Contribuciones de Seguro por Desempleo y Segura por Incapacidad Temporal no Ocupacional” and “Certificado de Deuda Seguro Choferil”)
  - In-effect policy certificate with the State Insurance Fund Corporation (“Corporación del Fondo del Seguro del Estado”).
  - No-Debt Certificate with the State Insurance Fund Corporation (“Corporación del Fondo del Seguro del Estado”).
- Deliver a sworn statement certifying that no person with interest in the proposal is an official or employee of the PRPA or the Commonwealth and its instrumentalities.

The person that signs all documents must be fully authorized to do so. If a person is designated as a representative, the Proponent must provide a Company or Corporate Resolution authorizing such designation.

If the Proponent has a payment plan agreement with any agency, instrumentality or public corporation of the Commonwealth in which a certificate for this proposal is required, the Proponent must submit evidence of an up-to-date payment certificate.

If the Proponent cannot submit the certificates required by this section, the Proponent must present a sworn statement stating the reasons the Proponent is not obligated to comply with this requirement.

**Professional Licensing Requirements**

The Proponents are alerted that the rendering of certain professional services may require that the professional rendering such professional services be duly licensed under the laws of the Commonwealth. As an example only of such professional services, please note that certain
activities relating to (A) the design and construction of the Project, the laws of the Commonwealth require that the Proponent retains professional duly licensed in the Commonwealth for the performance of architectural, engineering, land surveying, and landscape architecture services relating to the Project, including, without limitation, any license or authorization required under Act No. 173 of the Legislative Assembly of Puerto Rico, enacted on August 12, 1988, 20 P.R. Laws Ann. § 711 et seq., as amended; and (B) the leasing or subleasing by the Proponent of space at the Project through a third party, such as a real estate broker or a finder, will require such broker or finder to be duly licensed as a real estate broker under the laws of the Commonwealth.
EXHIBIT F

General Overview of Potentially Available Incentives

Act No. 73-2008 (Economic Incentives for the Development of Puerto Rico Act)

Act No. 73-2008 offers the following tax benefits to eligible businesses or activities:

- **Flat Tax** – Generally, exempted businesses with a grant under Act No. 73-2008 will be subject to a flat 4% income tax rate on their Industrial Development Income, as defined by Act No. 73-2008. Royalty and licensing right payments made by an exempt business to an entity or nonresident person not engaged in trade or business in Puerto Rico for the use in Puerto Rico of intangible property is generally subject to 12% income tax withholding. As an alternative, the entity may also request to be taxed at an 8% flat income tax rate and have the withholding rate on royalty payments reduced to 2%.

- **Exemption Period** – Fifteen (15) years. May be renegotiated for an additional fifteen (15) years.

- **Distribution from Earnings** - No withholding or income tax would be applicable on distributions of Industrial Development Income.

- **Tax-free Liquidation** – Liquidation of the local operation would be tax-free if the liquidation occurs during the term of the grant (liquidation distributions after the grant has expired also enjoy tax exemption with limitations).

- **Gain on the Sale of Stock or Assets** – Act No. 73-2008 provides for a 4% tax on the gain on the sale of stock or of substantially all the assets of the exempted businesses. For purposes of computing the gain, the basis of the stock or assets would be increased by the amount of undistributed Industrial Development Income. No tax would be imposed on any subsequent distribution of such gain by the shareholder or partner.

- **Property Tax Exemption** – If applicable, Act No. 73-2008 provides for 100% exemption from property taxes during the initial construction or start-up period, as well as during the first year of operations. After the full exemption period expires, the exempted business shall enjoy 90% exemption from property taxes.

- **Municipal License Tax Exemption** - Act No. 73-2008 provides for 100% exemption from municipal license taxes during the semester when operations begin and the subsequent two semesters. After the full exemption period expires, the exempted business shall enjoy 60% exemption from municipal license taxes during the period of exemption.

- **Excise and Sales and Use Tax Exemption** – Act No. 73-2008 provides 100% excise and sales and use tax exemption for raw materials and certain machinery and equipment directly related to the manufacturing activity and machinery and equipment required by law to be used in the operation.
- **Municipal Construction Excise Taxes** – Act No. 73-2008 provides for a 100% exemption on municipal excise taxes on construction. The construction excise tax exemption covers the contractor and subcontractors of the exempt business (but excluding from the exemption the municipal license tax on the volume of business of the contractor or subcontractor).

- **Exemption for Certain Passive Income** - Passive income from investment of certain eligible funds in certain activities (commonly referred to as “2(j) investments”) will be exempt from the flat tax.

- **Tax Credits** – Act No. 73-2008 provides for tax credits that are generated for certain investments, such as the purchase of products manufactured in Puerto Rico, employment creation, research and development, as well as credits to defray the cost of electricity. Each such tax credit establishes specific requirements for the generation and application of such credits. However, the application of tax credits under Act No. 73-2008 is subject to a minimum tax payment requirement, generally at 4% of the Industrial Development Income.

**Act No. 20-2012 (Export Services Act)**

**Eligible business includes:**

- Any service that the Secretary of Economic Development determines, in consultation with the Secretary of the Treasury, that should be treated as an eligible service on the grounds that such treatment is in the best interest and for the economic and social welfare in Puerto Rico, taking into consideration that there may be demand for such services outside of Puerto Rico, the total number of jobs to be created, their payroll, the investment that the promoter would do in Puerto Rico, or any other factor that deserves special consideration.

**Act No. 20-2012 requires that the service must be performed for non-resident individuals or foreign entities that have no nexus with Puerto Rico.**

**Tax Benefits Available under Act No. 20-2012:**

- **Flat Tax** – Exempted businesses with a grant under the Act No. 20-2012 will be subject to 4% income tax rate on their Export Services Income, as defined by Act No. 20-2012.

- **Exemption Period** – Twenty (20) years. May be extended for an additional ten (10) years.

- **Distributions from Earnings** - No withholding or income tax would be applicable on distributions of Export Services Income.
• **Property Tax Exemption** – Act No. 20-2012 provides property tax exemption only in the case of exempted business conducting the following eligible services: Shared Services Center, Corporate Headquarters and Call Centers. Act No. 20-2012 provides for full exemption from property taxes during the first five years from the commencement of operations and thereafter the exempted business shall enjoy 90% exemption from property taxes.

• **Municipal License Tax Exemption** – Act No. 20-2012 provides for a 60% exemption from municipal license taxes during the exemption period.

**Economic Incentives for Act No. 73-2008 and Act No. 20-2012 Grantees**

• Cash incentives may be available with respect to activities covered under Act No. 73-2008 and Act No. 20-2012 in connection with the creation of employment and training of employees, provided the requirements established in the regulations are complied with and a validly issued economic incentives contract is executed with the Puerto Rico Industrial Development Company (“PRIDCO”).

**Act No. 74-2010 (Puerto Rico Tourism Development Act of 2010)**

**Eligible activity includes:**

The ownership and/or operation of tourism marinas and facilities in port areas for tourism purposes. In the case of tourism marinas, only the income generated from nautical tourism activities shall be deemed as tourism development income, therefore, the income generated from services provided to persons who permanently keep their yachts in the marina from private use shall not be deemed tourism development income. Nautical tourism is defined under Act No. 74-2010 as the group of services to be rendered in contact with water to nautical tourists, which includes, but are not limited to: (i) the leasing or charter of Nautical Tourism Vessels to tourists for leisure, recreation or for educational purposes, including excursions, (ii) the leasing of small boats, aquatic motorbikes, kayaks, sailing boats or other similar vessels, and (iii) the operation of an integrated program of leasing vessels.

• **Benefits Available under Act No. 74-2010:**

  • **Income Tax Exemption** – Exempted businesses with a grant under the Act No. 74-2010 will enjoy a 90% income tax exemption on their Tourism Development Income, as defined by Act No. 74-2010.

  • **Exemption Period** – Ten (10) years, which may be extended for another ten (10) year term, provided certain requirements are met.

  • **Distributions from Earnings** - No withholding or income tax would be applicable on distributions of Tourism Development Income.
• *Property Tax Exemption* – A 90% exemption with respect to commonwealth and municipal real and personal property tax is provided to exempt businesses under Act No. 74-2010.

• *Municipal License Tax Exemption* – Act No. 74-2010 provides for a 90% exemption with respect to municipal license tax, excise taxes and other municipal taxes.

• *Excise and Sales and Use Tax Exemption* – Act No. 74-2010 provides a 100% exemption with respect to articles of use and consumption acquired and used by the exempt business in connection with the tourism activity and 100% exemption on municipal excise taxes on construction.

• *Tax Credits* – Tax credits are awarded to the shareholder of the exempt business that undertakes to construct a tourism project. The credits are awarded pursuant to the tourism concession issued by the Puerto Rico Tourism Company. Act No. 74-2010 provides that the maximum tax credits which can be granted is the lower of: (i) 10% of the total project cost, or (ii) 50% of the “eligible investment”, which is defined as the cash invested by the shareholder as equity in the exempt business undertaking the tourism project, and which cash is used in the construction or “habilitation” of the tourism project.

*Please note that the above description of incentives is general in nature and should not be construed as an offer or a determination by PRIDCO, the Puerto Rico Tourism Company or the Government as to the availability of any of these incentives to any of the Proponents or the eligibility of any of the Proponents for any such incentives. Proponents must independently confirm with its counsel their eligibility to apply and obtain any such incentives and the benefits thereunder. Furthermore, the incentives discussed do not cover the costs of construction or the equipment and materials associated with the construction of the project nor will such incentives apply to the revenues derived from the construction of the project or the construction materials to be used with respect to such project.*
AREAS MUELLES 15 & 16
Y PARTE DE SUS FACILIDADES
ÁREA "DRYDOCK" = 65,473 P.C.
RESUMEN DE AREA

- "WEST SIDE" 60,348 P.C.
- "EAST SIDE" 61,820 P.C.
- "NORTH SIDE" 36,180 P.C.

AREA TOTAL 158,348 P.C.
ÁREA "DOCK, PIER 15" = 27,487 P.C.
AREA "WAREHOUSE" = 58,913 P.C.
Área "Structure" = 515 P.C.